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Southern District of New York
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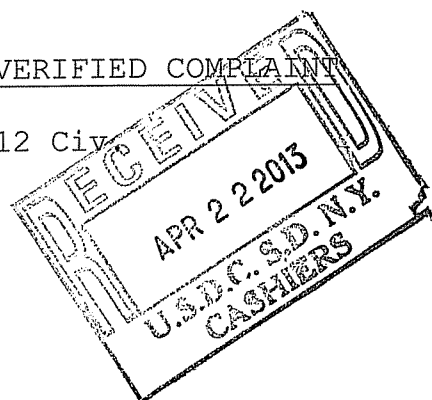
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, :
 :
Plaintiff, :
 :
- v - :
 :
\$123,000,000.00 IN U.S. CURRENCY, :
 :
 :
Defendant-in-Rem. :
----- x

VERIFIED COMPLAINT

12 Civ



Plaintiff United States of America, by its attorney,
PREET BHARARA, United States Attorney for the Southern District
of New York, for its complaint alleges, upon information and
belief, as follows:

I. JURISDICTION AND VENUE

1. This action is brought by the United States of
America pursuant to 18 U.S.C. § 981(a)(1)(C), seeking the
forfeiture of \$123,000,000 in U.S. Currency (the "Defendant-in-
Rem").

2. This Court has jurisdiction over this action
pursuant to 28 U.S.C. §§ 1345 and 1355.

3. Venue is proper pursuant to 28 U.S.C. § 1355 because acts and omissions giving rise to the forfeiture occurred in the Southern District of New York.

II. BASIS FOR FORFEITURE

4. During the period between approximately 1999 and 2004, through the conduct of certain employees, Ernst & Young, LLP ("E&Y"), a United States-based international accounting firm, which maintained offices in various United States cities, including New York, New York, assisted high net worth United States citizens in attempting to evade, reduce, and/or defer approximately \$2 billion in United States individual income taxes by promoting, implementing, and defending tax shelter transactions, including those sometimes referred to as COBRA, Contingent Deferred Swap ("CDS"), CDS Add-On, and PICO (the "tax shelters"). E&Y personnel engaged in conduct that was unlawful and fraudulent, including: (i) participating in the implementation of certain fraudulent tax shelter transactions; (ii) assisting in the preparation of false and fraudulent factual recitations, representations, and documents as part of the documentation underlying the tax shelters; and (iii) providing false documents and testimony to the Internal Revenue Service about certain of the tax shelter transactions. As a result of this conduct, E&Y generated fee income of approximately \$123,000,000.

5. On or about February 28, 2013, E&Y entered into a non-prosecution agreement with the United States regarding its participation in the tax shelter activity described in this verified complaint. E&Y has agreed that it will forfeit, pursuant to 18 U.S.C. § 981(a)(1)(C), the fees paid to E&Y from its participation in the tax shelter activity. Pursuant to the non-prosecution agreement, E&Y has made a payment of \$123,000,000 to the United States to the United States Treasury Department in satisfaction of the forfeiture obligation. These funds constitute the Defendant-in-Rem.

III. CLAIM FOR FORFEITURE

6. Plaintiff repeats, realleges and incorporates by reference herein each and every allegation contained in paragraphs one through five of this Verified Complaint.

7. Pursuant to 18 U.S.C. § 981(a)(1)(C), "[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting 'specified unlawful activity' (as defined in Section 1956(c)(7) of [title 18]), or a conspiracy to commit such offense," is subject to forfeiture to the United States.

8. "Specified unlawful activity" is defined in 18 U.S.C. § 1956(c)(7), and the term includes any offense listed under 18 U.S.C. § 1961(1). Section 1961(1) lists, among other offenses, violations of 18 U.S.C. § 1341 (relating to mail

fraud) and violations of 18 U.S.C. § 1343 (relating to wire fraud).

9. The Defendant-in-Rem is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) because there is probable cause to believe that it represents proceeds traceable to offenses constituting specified unlawful activity, to wit, mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343.

10. By reason of the foregoing, the Defendant-in-Rem became and is subject to forfeiture to the United States of America, pursuant to 18 U.S.C. § 981(a)(1)(C).


WHEREFORE, Plaintiff United States of America prays that process issue to enforce the forfeiture of the Defendant-in-Rem and that all persons having an interest in the Defendant-in-Rem be required to appear and show cause why the forfeiture of the Defendant-in-Rem should not be decreed, that this Court decree forfeiture of the Defendant-in-Rem to the United States of America for disposition according to law, and that this Court

grant plaintiff such further relief as it may deem just and proper, together with the costs and disbursements of this action.

Dated: New York, New York
April 22, 2013

PREET BHARARA
United States Attorney for the
Southern District of New York
Attorney for the Plaintiff
United States of America

By:



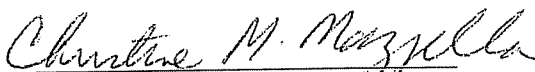
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VERIFICATION

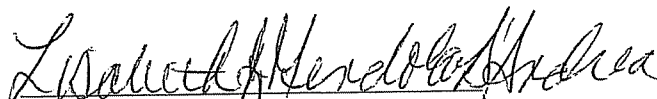
STATE OF NEW YORK)
COUNTY OF NEW YORK)
SOUTHERN DISTRICT OF NEW YORK)

Christine M. Mazzella, being duly sworn, deposes and says that she is a Special Agent of the Internal Revenue Service and as such has responsibility for the within action; that she has read the foregoing Verified Complaint and knows the contents thereof, and that the same is true to the best of her own knowledge, information and belief.

The sources of deponent's information and the ground of her belief are conversations with other law enforcement officers and others, official records and files of the Internal Revenue Service, and the United States Government, and information obtained directly by deponent during an investigation of alleged violations of Titles 18 and 26, United States Code.


CHRISTINE M. MAZZELLA
Special Agent
Internal Revenue Service

Sworn to before me this
22nd day of April, 2013:


NOTARY PUBLIC

Lisabeth A. Mendola-D'Andrea
Notary Public, State of New York
No: 01ME5079305
Qualified in Queens County
Commission Expires June 2, 2015